

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6275

BILL NUMBER: SB 161

NOTE PREPARED: Dec 17, 2011

BILL AMENDED:

SUBJECT: Maximum Property Tax Levies in Lake County.

FIRST AUTHOR: Sen. Randolph

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

| LOCAL IMPACT | CY 2012 | CY 2013 | CY 2014 |
|-------------------------|---------|-----------|-----------|
| Local Revenues | | 5,100,000 | 9,700,000 |
| Local Expenditures | | | |
| Net Increase (Decrease) | | 5,100,000 | 9,700,000 |

Summary of Legislation: This bill eliminates the law that freezes the maximum property tax levies for civil taxing units in Lake County unless a local option income tax for property tax relief is in effect in the county.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, civil taxing units in Lake County cannot increase property tax levies for funds that are subject to the maximum levy limitation because the county has not adopted a local option income tax at a 1% rate. Under this bill, beginning with taxes payable in 2013, civil unit levy limits would grow by the statewide levy growth factor.

Assuming that all taxing units would impose their maximum levies, the total levy for all units in the county would increase by an estimated \$12.5 M in 2013, \$23.8 M in 2014, and \$35.0 M in 2015, as compared to current law. The county average tax rate per \$100 of AV would increase by an estimated \$0.0611 in 2013, \$0.1149 in 2014, and \$0.1670 in 2015, as compared to current law. The increased tax rates would cause an increase in circuit breaker credits estimated at \$7.4 M in 2013, \$14.1 M in 2014, and \$20.8 M in 2015. The net gain for all taxing units in Lake County is estimated at \$5.1 M in 2013, \$9.7 M in 2014, and \$14.2 M in 2015.

As civil taxing unit levies rise, district tax rates will increase, resulting in additional circuit breaker credits. These additional credits equate to lost tax revenue for all civil taxing units and school corporations. The table below shows an estimate of the additional levy, additional circuit breaker loss, and net change by taxing unit type. Each school corporation would have a net loss, and most civil taxing units with property tax levies would have net gains.

| Change in Levies and Circuit Breakers (In Millions) | | | | | | | | | |
|---|-------------|------------------|-------------|-------------|------------------|-------------|-------------|------------------|-------------|
| | 2013 | | | 2014 | | | 2015 | | |
| Unit Type | Levy Incr | Circ Break Incr. | Net Change* | Levy Incr. | Circ Break Incr. | Net Change* | Levy Incr | Circ Break Incr. | Net Change* |
| County | 3.4 | 0.9 | 2.5 | 6.5 | 1.8 | 4.7 | 9.6 | 2.6 | 6.9 |
| Townships | 0.8 | 0.4 | 0.4 | 1.5 | 0.8 | 0.7 | 2.2 | 1.2 | 1.0 |
| City/Towns | 6.6 | 3.6 | 3.0 | 12.5 | 6.9 | 5.7 | 18.4 | 10.1 | 8.3 |
| Schools | 0.0 | 1.5 | -1.5 | 0.0 | 2.8 | -2.8 | 0.0 | 4.0 | -4.0 |
| Libraries | 0.9 | 0.4 | 0.5 | 1.7 | 0.8 | 0.9 | 2.5 | 1.2 | 1.3 |
| Special | 0.8 | 0.6 | 0.3 | 1.6 | 1.1 | 0.5 | 2.3 | 1.6 | 0.7 |
| TIF Repl. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total* | 12.5 | 7.4 | 5.1 | 23.8 | 14.1 | 9.7 | 35.0 | 20.8 | 14.2 |
| * Totals may not add due to rounding. | | | | | | | | | |

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Civil taxing units and school corporations in Lake County.

Information Sources: LSA Parcel-level property tax database; Local Government Database, DLGF.

Fiscal Analyst: Bob Sigalow, 317-232-9859.